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U.S. DISTRICT COURT E.D.N.Y.
★ AUG 23 2007 ★

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

P.M. _____
TIME A.M. _____

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THE CITY OF NEW YORK,

Plaintiff,

Civil Action No :
06 CV 6504 (JBW) (CLP)

-against-

BOB MOATES' SPORT SHOP, INC.; COASTAL TILE
& ROOFING COMPANY, INC d/b/a Coastal Pawn Shop;
JOHN COSCIA d/b/a John's Gun & Tackle Room;
FRANKLIN ROD & GUN SHOP, INC.; GWINNETT
PAWN SHOP, INC.; HOT SHOTS, INC d/b/a Hot Shots
Jewelry & Pawn; MILLER ROD & GUN, INC.; RJS
ENTERPRISES, INC. d/b/a Dick's Pawn Shop North;
JERRY DALE ROOKS d/b/a Rooks Sales & Service; ICE
OF VIRGINIA, INC d/b/a Town & Country Pawn Shop;
IOCCOA PAWN & VARIETY, INCORPORATED;
TRADER WORLD, INC.;

Defendants.
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STIPULATION AND SETTLEMENT AGREEMENT

WHEREAS, plaintiff, The City of New York (the "City") commenced this action (the "Action") on December 6, 2006 (the "New York Action") by filing a complaint (the "Complaint") against Franklin Rod & Gun Shop, Inc ("Franklin") in the United States District Court for the Eastern District of New York;

WHEREAS, Franklin was served with the Complaint on December 15, 2006;

WHEREAS, Franklin filed a motion to dismiss for lack of personal jurisdiction on February 12, 2007;

WHEREAS, Franklin has sold all of its firearms and other inventory;

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WHEREAS, Franklin surrendered its federal firearms license, acquisition and disposition records and 4473 forms to the Bureau of Alcohol, Tobacco, Firearms and Explosives;

WHEREAS, Franklin has been dissolved as a corporation;

WHEREAS, the principal of Franklin, Curtis P Young, has no intention of engaging in the sale of firearms in the future;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth below, the parties agree as follows:

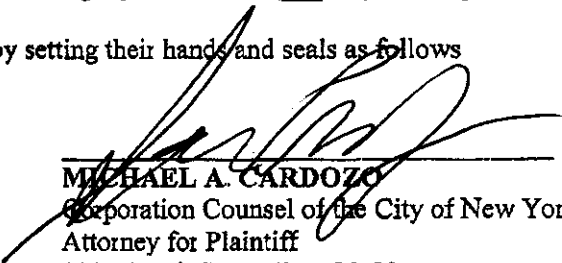
1. The parties hereto shall jointly move the Court to dismiss this Action as against Franklin

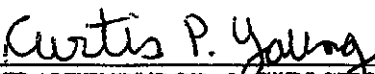
2. The principal of Franklin, Curtis P Young, recognizes and agrees that the cessation of retail sales by Franklin constitutes substantial consideration for the City's decision to enter into this Stipulation and Settlement. In the event that he re-enters the retail firearms market within three (3) years of the date of this Stipulation and Settlement by obtaining a new federal firearms license and engaging in the retail sale of firearms or acquiring a controlling interest in a firearms retail business, Mr Young agrees to so notify the undersigned counsel for the City within thirty (30) days of commencing business and further agrees to be bound by the conditions set forth in Addendum A to this Stipulation and Settlement Agreement for a period of three (3) years following his re-entry into the retail firearms market

3. Except as expressly reserved and stated herein, the City does hereby release and forever discharge Franklin, and its parent companies, subsidiaries, affiliates, divisions, related business entities, predecessors, successors, heirs, executors, assigns, agents, directors, officers, shareholders, owners, employees, former employees, representatives, attorneys, and insurers, and Franklin, and its employees, release and discharge the City, of and

from any all claims, actions, causes of action, demands, rights, damages, costs, loss of service, loss of use, expenses, and compensation whatsoever (hereafter, "Claims"), which the parties now have or which they may hereafter have on account of or in any way growing out of, any and all known and unknown, foreseen and unforeseen damages and the consequences thereof relating to or resulting from the matters set forth in the Complaint. Provided, however, that Claims, if any, arising out of firearms sold after the date of this Stipulation and Agreement are not released. It is expressly understood and agreed that this release is in full accord and satisfaction of, and in compromise of, disputed claims and that said release hereof is not an admission of liability, but is made for the purpose of avoiding future litigation between the parties. Franklin denies liability for any damages due the City or to citizens of the City of New York, and intends merely to buy its peace. This Stipulation and Settlement Agreement contains the entire agreement between the parties hereto, and the terms of this Agreement are contractual and not a mere recital.

The parties intending to be legally bound this 15 day of August, 2007, have caused this Agreement to be executed by setting their hands and seals as follows:


MICHAEL A. CARDOZO
Corporation Counsel of the City of New York
Attorney for Plaintiff
100 Church Street, Rm 20-99
New York, New York 10007
(212) 788-1324
By: Eric Proshansky

 by permission
FRANKLIN ROD & GUN SHOP, INC.
320 Old Franklin Turnpike
Rocky Mount, VA 24151
By: Curtis P. Young *PCA*

Addendum A

1. In the event that Mr. Young obtains a new federal firearms license and re-enters the retail firearms market or acquires a controlling interest in a firearms retail business, his sales shall be monitored by an individual designated by the City and appointed as a Special Master by the Court. The City shall compensate the Special Master for his fees and expenses. The Special Master shall commence his monitoring responsibilities no earlier than 30 days after the date that Mr. Young re-enters the retail firearms business.

2. It shall be the responsibility of the Special Master to ensure, to the fullest extent practicable, that firearm sales by Mr. Young, or any business in which he participates as a principal, from the date of this Agreement forward are made in full conformity with applicable law. The Special Master shall utilize, without limitation, (i) in-store observation, including the use of videotape surveillance; (ii) records monitoring, including, but not limited to, all trace requests made by ATF to Mr. Young from the date of this Agreement forward; (iii) random and repeated integrity testing; (iv) inspection of Mr. Young's inventory; and (v) instructional programs designed to provide "best practices" sales training to Mr. Young, and any person involved in firearms sales and employed by any business in which he participates as a principal.

3. Mr. Young agrees that the Special Master's responsibilities require free access to all documentation regarding firearms sales and firearms in Mr. Young's possession and agrees to make such records covering the time period from the date of this Agreement forward available without restriction to the Special Master. Provided, however, that, if the Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF") expressly prohibits Mr. Young from providing trace requests, acquisition and disposition records, multiple sale forms or 4473 forms

to the Special Master, Mr Young shall not be in violation of this Agreement for withholding such records

4 Any disagreement between the parties over any practice or decision of the Special Master, including without limitation a decision of the Special Master that a firearm sale has been made in violation of Federal, Virginia state law, or local law or regulation, shall be resolved by the Special Master, whose decision shall be binding. Either party has the right to contest before the Court any decision or practice of the Special Master on the ground that the decision or practice is clearly erroneous. If the party filing such a contest does not succeed in vacating the Special Master's decision or practice as clearly erroneous, the party shall pay the other party's reasonable attorney fees.

Approved
[Signature]
8/21/07